

Mohave County
Report on Audit of
Annual Expenditure Report

Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Annual Expenditure Limitation Report – Part I.....	2
Annual Expenditure Limitation Report – Part II.....	3
Annual Expenditure Limitation Report – Reconciliation	4
Notes to Annual Expenditure Limitation Report	5-9



Independent Auditor's Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Mohave County for the year ended June 30, 2006. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Mohave County for the year ended June 30, 2006, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Phoenix, Arizona
January 12, 2007

MOHAVE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2006

1. Economic Estimates Commission expenditure limitation	\$131,195,402
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>74,937,143</u>
3. Amount under the expenditure limitation	<u>\$56,258,259</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: John Timko, Financial Services Director

Telephone Number: 928-753-0735 Date: January 12, 2007

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2006

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 124,025,510	\$ 4,162,854	\$ 16,316,448	\$ 435,379,054	\$ 579,883,866
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	6,804,304				6,804,304
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	3,965,060	217,156	86,514		4,268,730
Trustee or custodian (Note 4)	1,237,700			435,379,054	436,616,754
Grants and aid from the federal government (Note 7)	10,526,452				10,526,452
Amounts received from the State of Arizona (Note 7)	7,610,839				7,610,839
Quasi-external interfund transactions (Note 5)	1,874,929		15,210,289		17,085,218
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	2,557,302				2,557,302
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 7)	11,746,326				11,746,326
Prior years carryforward (Note 8)	7,730,798				7,730,798
Total exclusions claimed	54,053,710	217,156	15,296,803	435,379,054	504,946,723
C. Amounts subject to the expenditure limitation	\$ 69,971,800	\$ 3,945,698	\$ 1,019,645	\$ -	\$ 74,937,143

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2006

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 132,932,025	\$ 5,070,631	\$ 15,714,247	\$ 435,379,054	\$ 589,095,957
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		829,176	785,968		1,615,144
Loss on disposal of capital assets		88,618	106,848		195,466
Claims incurred but not reported			1,280,054		1,280,054
Landfill closure and postclosure care costs (Note 9)		423,502			423,502
Expenditures of separate legal entities established under Arizona					
Revised Statutes (A.R.S.) (Note 10)	1,577,815				1,577,815
Long-term care contributions withheld by the State Treasurer (Note 11)	7,328,700				7,328,700
Total subtractions	<u>8,906,515</u>	<u>1,341,296</u>	<u>2,172,870</u>	<u>-</u>	<u>12,420,681</u>
C. Additions:					
Acquisition of capital assets		433,519	1,389,206		1,822,725
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 12)			1,385,865		1,385,865
Total additions	<u>-</u>	<u>433,519</u>	<u>2,775,071</u>	<u>-</u>	<u>3,208,590</u>
D. Amounts reported on Part II, Line A	<u>\$ 124,025,510</u>	<u>\$ 4,162,854</u>	<u>\$ 16,316,448</u>	<u>\$ 435,379,054</u>	<u>\$ 579,883,866</u>

See accompanying notes to report.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2006

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes Section 41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - Debt Service Exclusion

The exclusion claimed for debt service requirements on other long-term debt obligations consists of expenditures for principal retirement and interest and fiscal charges on certificates of participation in the governmental funds.

Note 3 - Investment Income Exclusion

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$3,965,060 in the governmental funds is made up of the following: from the General Fund it includes interest on investments expended of \$163,553 and interest on delinquent taxes expended of \$3,429,101, which was recorded as tax revenue, for a total of \$3,592,654. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$372,406 in all the other governmental funds (both major and other) includes interest on investments of \$722,565 reduced by interest on investments of \$36,768 for the special assessment districts that were not included in the base limit, \$162,966 interest income on certificates of participation trust balances, \$147,567 of County Capital Improvement Fund income reserved for future capital projects (note 6) and \$2,858 carried forward to the subsequent year, per note 8.

Note 4 - Exclusions Claimed for Trustee or Custodian

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,237,700 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, which is recorded in health expenditures, and in the Fiduciary Funds, the exclusion consists of \$435,379,054 in distributions to non-county fund investment pool participants.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report - Continued
Year Ended June 30, 2006

Note 5 – Quasi-external Interfund Transactions Exclusion

The quasi-external interfund transactions exclusion for the internal service funds is the amount of expenditures recorded in the internal service fund, equal to the revenues received for services provided to governmental funds. In addition, there were expenditures recorded in the governmental funds with corresponding revenues in other governmental funds. The amount of these expenditures is shown under the governmental funds quasi-external transactions line. There is a carry-forward reflected in Note 8 for amounts accumulated in the Vehicle Replacement Fund for future purchases of vehicles. This reflects the amount of quasi-external revenue collected in the current year that exceeds current year expenditures.

Note 6 – Future Capital Costs Exclusion

The exclusion for amounts accumulated for the purchase of land, or the purchase or construction of buildings or improvements consists of expenditures funded by a voter approved ¼ percent sales tax for the purpose of capital improvements.

Note 7 – Intergovernmental Revenue Exclusion

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona and highway user revenues in the governmental funds. The amounts excluded do not exceed expenditures of such revenues.

Description	General Fund			Road Fund		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the						
Federal Government	\$ 1,969,412	\$ 1,969,412	\$ -	\$ 520	\$ 520	\$ -
Amounts received from the state	782,752	782,752	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	11,746,326	11,746,326	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	27,283,293	-	-	2,516,552	-	-
Total intergovernmental revenues as reported in the financial statements	<u>\$ 30,035,457</u>	<u>\$ 2,752,164</u>	<u>\$ -</u>	<u>\$ 15,363,121</u>	<u>\$ 11,746,846</u>	<u>\$ -</u>

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report - Continued
Year Ended June 30, 2006

Note 7 - Intergovernmental Revenue Exclusion - Continued

Description	Flood Control Fund			County Capital Improvement Fund		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the Federal Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts received from the state	-	-	-	20,000	20,000	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-	-	-
Highway user revenues 1979-80	-	-	-	-	-	-
Other revenues - (nonexcludable)	635	-	-	-	-	-
Total intergovernmental revenues as reported in the financial statements	\$ 635	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -

Description	Other Governmental Funds			Total Governmental funds		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the Federal Government	\$ 8,709,970	\$ 8,556,520	\$ 153,450	\$ 10,679,902	\$ 10,526,452	\$ 153,450
Amounts received from the state	6,928,112	6,808,087	120,025	7,730,864	7,610,839	120,025
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	11,746,326	11,746,326	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	4,137	-	-	29,804,617	-	-
Total intergovernmental revenues as reported in the financial statements	\$ 15,642,219	\$ 15,364,607	\$ 273,475	\$ 61,061,432	\$ 29,883,617	\$ 273,475

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report - Continued
Year Ended June 30, 2006

Note 8 – Prior Years Carryforward

Prior years' carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year or carried forward as follows:

	<u>Carryforward From Prior Years</u>	<u>Carryforward Generated (Applied)</u>	<u>Carryforward To Subsequent Years</u>
Governmental Funds			
Certificates of Participation Proceeds	\$ 7,727,620	\$ (7,727,620)	\$ -
Intergovernmental revenues - Applied	73,149	(3,178)	69,971
Total carry forwards applied		<u>(7,730,798)</u>	
Dividends, interest, and gains on the sale or redemption of investment securities (note 3)		2,858	2,858
Amounts accumulated for the purchase of vehicles in the Internal service funds (note 5)	3,026,476	763,010	3,789,486
Amounts accumulated for the purchase of land, and the purchase or construction of buildings (note 6)		5,419,707	5,419,707
Intergovernmental revenues (note 7) - Generated	<u>66,330</u>	<u>273,475</u>	<u>339,805</u>
Total	<u>\$ 10,893,575</u>	<u>\$ (1,271,748)</u>	<u>\$ 9,621,827</u>

Note 9 – Landfill Closure and Postclosure Care Costs

The subtraction of \$423,502 for landfill closure and postclosure care costs consists of that portion of the total estimated liability reported as expenses in the current year but not yet paid in the Enterprise Funds.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report - Continued
Year Ended June 30, 2006

Note 10 – Separate Legal Entities Exclusion

The subtraction of \$1,577,815 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

Special Assessment Districts:	
General government	\$ 669,614
Highways and streets	22,499
Principal retirement	635,000
Interest and fiscal charges	250,702
Total	<u>\$ 1,577,815</u>

Note 11 – Long-term Care Costs

The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the Reconciliation.

Note 12 – Incurred But Not Reported

The addition of \$1,385,865 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the Internal Service Funds.